



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

August 21, 2008

Jackie DeMaria, Vice President, Human Resources  
Western Digital Corporation  
20511 Lake Forest Drive  
Lake Forest, CA 92630

Dear Ms. DeMaria:

RE: **FINAL MONITORING VISIT REPORT** for Western Digital – ET07-0122

<b>Date of the Visit:</b>	07/07/08
<b>Beginning/Ending Time:</b>	2:00 p.m. – 3:00 p.m.
<b>Date of Last Visit:</b>	02/08/08
<b>Visit Location:</b>	Via Teleconference
<b>Persons in attendance:</b>	Jackie DeMaria, Vice President, Human Resources, Western Digital Corporation, (Western Digital); Nicole Pascua, Training Coordinator, Western Digital; William Sacks, Vice President, Operations, National Training Company, Inc. NTC; and Carole Robinson, ETP Contract Analyst.
<b>Action Required:</b>	No

## **CONTRACT INFORMATION:**

<b>Term of Agreement:</b>	08/08/06 – 08/07/08	<b>Agreement Amount:</b>	\$1,178,028
		<b>Job 1:</b>	\$1,148,328
		<b>Job 2:</b>	\$29,700
<b>Training Start Date:</b>	08/08/06	<b>No. to Retain:</b>	Job 1 = 1,556 Job 2 = 30
<b>Date Training must be Completed:</b>	05/06/08	<b>Range of Hours:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainee	<b>Weighted Ave. Hours:</b>	Job 1 = 41 Job 2 = 55

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**FINAL REPORT SUMMARY:**

• **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 009/07/06 and two revisions were processed. The first, a Technical Error approved on 12/12/06, changed the Class/lab and Advanced Technology hourly reimbursement rates from \$15 and \$22, respectively, to priority rates of \$18 \$26. The second revision was processed as a Modification to add a newly acquired business, Komag, Inc., renamed WD Media as a participant in this Agreement. WDMedia qualified for ETP funded training as a priority manufacturer of magnetic and optical recording equipment. This Modification did not change the number to retain or the ETP reimbursement amount for this Agreement.

• **INTERVIEW WITH COMPANY REPRESENTATIVE**

Ms. Pascua reported all training for this Agreement was completed on 05/06/08. As a result of ETP funded training project, you stated that Western Digital noted overwhelmingly positive participant experience even though the company did not perform as well as anticipated. You reported that this training project had a significant impact in the development of a company-wide initiative to improve internal processes and employee development. Before training, the company used several different problem solving techniques which made it extremely inefficient in addressing production issues in each of its many California facilities. Upon completion of training, Western Digital's engineering department implemented several new manufacturing production processes using new team problem solving techniques. These new problem solving methodologies are now used throughout the company's facilities which has led to greater consistency and better quality products. You also noted increased employee morale, productivity, and overall efficiency for those employees who participated in this project. In addition, you explained that Project Management training was especially significant for several improvements in the company's engineering, research/development, and media group work-related activities.

In terms of the company's lack of better performance for this Agreement, you stated that initially Western Digital had difficulty with facility training coordinators understanding the importance of completing Class/lab rosters correctly and getting them to submit them to Ms. Pascua in a timely manner for tracking purposes. As a result, rosters continue to come in for Class/lab sessions conducted several months prior to this meeting. Ms. Pascua stated that prior to Panel approval of its second ETP Agreement in June 2008, the company made a significant effort to educate all of its facility coordinators in a common process to review rosters for errors and submit them on a weekly basis for accurate tracking of Class/lab training hours.

**PROJECT STATUS PROVIDED BY THE ADMINISTRATIVE SUBCONTRACTOR:**

Job Number	Number Started Training	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Expected to Complete Minimum Hours	Number of Trainees Expected to Complete all Training (in retention)	Number of Trainees Expected to Complete Retention
1	2,723	2,723	1	683	683	683
2	69	69	0	*25	*25	*25
<b>Totals:</b>	2,792	2,792	0	*708	*708	*708

\* Ms. Robinson reminded those present that the number of trainees expected to complete training reported by Mr. Sacks are not reflected in the Online ETP Training records for Job 2. ETP Tracking records for Job 2 reflect no trainees who are eligible based on completion of the minimum number of training hours (24). Mr. Sacks explained this is because rosters submitted by some Western Digital facilities after completion of training in May 2008, have not yet been entered into ETP's Tracking records for both Jobs 1 and 2 by NTC, Western Digital's administrative subcontractor, .

During this visit, ETP Tracking records indicated 28,431 hours of Class/lab training for 683 trainees in Job 1 who completed at least 24 hours of training. Based on these records, Western Digital will be eligible for a total reimbursement of approximately \$511,758 (43% of the ETP encumbered funds) if all other conditions of ETP eligibility are met. Current records show that Western Digital has received \$198,791.25 in unearned Progress Payments.

Mr. Sacks reported that NTC's calculations indicate potential total earnings for this Agreement of \$535,058(45% of the ETP encumbered funds) when Class/lab hours are entered by NTC for 25 retrainees in Job 2. He also stated that Western digital will be submitting a closeout invoice no later than 09/07/08.

**ATTENDANCE ROSTERS/INVOICES/ TRAINING TRACKING RECORDS:**

Ms. Robinson reviewed faxed copies of class/lab attendance rosters for 14 randomly selected trainees who are enrolled in Job 1. She compared the rosters to the Agreement's Curriculum and checked to ensure that each roster contained the necessary information required by ETP, under Title 22, California Code of Regulations, 4442. In addition, she compared the number of training hours in Western Digital's tracking records for the 14 retrainees selected with the number of training hours documented on the applicable Class/lab Rosters and Invoice numbers 6 and 7 for Progress Payment 1 (Enrollment).

Ms. Robinson found that the records reviewed for the 14 selected retrainees contained the necessary information required by ETP and the Class topics matched those contained in the Agreement's Curriculum. The review of the above sample also verified that the hours reported on Western Digital's tracking records matched those contained within the applicable Class/lab

Rosters and Invoice numbers 6 and 7 for Progress Payment 1. All invoices submitted as of the date of this visit have been validated in this and previous Monitoring Reports.

### **SUBAGREEMENTS:**

During previous visits, Ms. Robinson reviewed four subagreements, three for the provision of Class/lab training (Collabnet, Speeding Edge, and GSC) and one for administration (National Training Company). During this Final Monitoring Visit, Mr. Sacks stated additional subagreements have been made for Class/lab training and on 08/21/08 he faxed nine additional Training Vendor Statements from Western Digital. These vendors delivered Class/lab training in Business Skills, Advanced Technology, or Manufacturing Skills at costs ranging from \$1,495 to \$46,400. All nine Training Vendor Statements indicated vendor business addresses within California. Ms. Robinson noted that all 14 have been entered on the Subcontractor List, ETP 100D via ETP's On-line system.

### **AUDIT:**

Western Digital will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

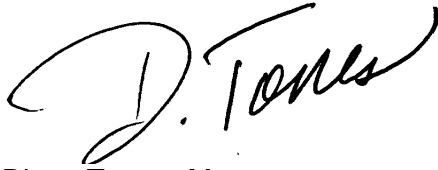
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

### **RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at [CRobinson@ETP.ca.gov](mailto:CRobinson@ETP.ca.gov) or (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager  
San Diego Field Office



Carole Robinson, Contract Analyst  
San Diego Field Office

cc: Kulbir Mayall, ETP Fiscal Manager  
National training Company  
Master File  
SD Project File

Date report e-mailed to Contractor 08/22/08